Deloitte & Touche

Financial Statements of

IQ&A Partnership

December 31, 1999

Deloitte Touche Tohmatsu

100-06033/

Deloitte & Touche

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AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the financial position of IQ&A Partnership as at December 31, 1999, and the statements of operations and of cash flows for the year then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Partnership as at December 31, 1999, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP.

Chartered Accountants

Regina, Saskatchewan
May 18, 2000

IQ&A PARTNERSHIP

STATEMENT OF OPERATIONS

For the year ended December 31

	1999	1998
Forgiveness of debt (Note 8)	**$ 458,620**	-
Expenses		
Operating expenses	**1,537,808**	-
Depreciation and amortization	**602,576**	-
Operating loss	**(1,681,764)**	-
Asset write-down (Note 4 & 5)	**340,110**	-
Interest expense	**24,162**	-
Interest income	**(9,501)**	-
Net loss	**$ (2,036,535)**	-

See Accompanying Notes

IQ&A PARTNERSHIP
STATEMENT OF FINANCIAL POSITION

As at December 31

		1999	1998
Assets			
Current assets			
Cash	$	**145,491**	$ 1,131,626
Accounts receivable		**122,019**	83,231
Prepaid expenses		**15,151**	15,151
		282,661	1,230,008
Capital assets (Note 4)		**83,780**	366,641
Start-up costs (Note 5)		**-**	1,187,946
	$	**366,441**	$ 2,784,595
Liabilities and deficiency in assets			
Current liabilities			
Accounts payable and accrued liabilities	$	**41,564**	$ 709,595
Interest payable (Note 10)		**23,525**	-
Partnership loan (Note 10)		**589,700**	-
		654,789	709,595
Deficiency in assets			
Partners' capital account (Schedule 1, Note 6)		**1,245,000**	2,075,000
Partners' deficit (Schedule 1)		**(1,533,348)**	-
		(288,348)	2,075,000
	$	**366,441**	$ 2,784,595

See Accompanying Notes

On behalf of the Partnership

Daryl Dilger

Chairman

STATEMENT OF CASH FLOWS

For the year ended December 31

	1999	1998
Operating activities		
Net loss before interest paid	**$ (2,035,898)**	$ -
Interest paid	**637**	-
Net loss	**(2,036,535)**	-
Items not affecting cash from operations (Note 7)	**625,127**	-
Net change in non-cash working capital items	**(104,674)**	611,213
Cash used by operating activities	**(1,516,082)**	611,213
Financing activities		
Proceeds from partner loan (Note 10)	**589,700**	-
Proceeds on withdrawal of partners	**120,000**	-
Issuance of partnership units	**-**	2,075,000
Cash provided by financing activities	**709,700**	2,075,000
Investing activities		
Capital expenditures	**(179,753)**	(383,468)
Net deferred start-up costs	**-**	(1,171,119)
Cash used in investing activities	**(179,753)**	(1,554,587)
(Decrease) increase in cash	**(986,135)**	1,131,626
Cash and cash equivalents, beginning of year	**1,131,626**	-
Cash and cash equivalents, end of year	**$ 145,491**	$ 1,131,626

See Accompanying Notes

NOTES TO FINANCIAL STATEMENTS

Note 1 -- Description of business

IQ&A Partnership (the Partnership) was established for the purpose of operating a data exchange and information bureau in Canada. The Partnership Agreement provided for the incorporation of IQA Corporation (the Corporation) to manage and operate all aspects of the business for the sole benefit of the Partnership. The Corporation was incorporated under the Canada Business Corporations Act. The Corporation acts as bare trustee on behalf of the Partnership and is wholly owned by the Partnership. Effective January 25, 1999, the company legally changed its name from IQ&A Information Queries & Analysis Corp. to IQA Corporation.

Note 2 -- Subsequent events

Subsequent to December 31, 1999, the Partnership made a decision to suspend the operations of the Corporation indefinitely. Facilities are in place for the partners to fund operations during the wind down period. As a result of the decision to wind down the operations, the capital assets (Note 4) and start-up costs (Note 5) have been written down to reflect the expected net recoverable value.

Note 3 -- Summary of significant accounting policies

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in Canada.

Basis of presentation
These financial statements include only partners' assets, liabilities, revenues and expenses that are directly related to the Partnership and do not reflect all of the assets, liabilities, revenues and expenses of the partners.

Cash and cash equivalents

Cash and cash equivalents consist of funds held in a chequing account.

Capital assets

At December 31, 1999 the capital assets are recorded at their estimated net recoverable amount. Effective December 31, 1999, no depreciation will be recorded on assets held for sale.
Depreciation applied during the year was provided over the estimated useful lives of the capital assets as follows:

Computers hardware and software	3 years, straight-line
Office furniture and equipment	3 years, straight-line
Leasehold improvements	term of the lease, straight line

Start-up costs

Costs incurred during the start-up phase of the operations were deferred.

Income taxes

No provision has been made for income taxes in these financial statements as the income is taxed in the hands of the individual partners.

NOTES TO FINANCIAL STATEMENTS

Note 4 -- Capital assets

Capital assets have been recorded at December 31, 1999 at their expected net recoverable value. A charge of $114,959 has been recorded to income to write the assets down to their expected net recoverable value.

	1999			1998
	Cost	Accumulated Depreciation and Write-down	Net Book Value	Net Book Value
Computer hardware & software	$ 242,387	$ 192,920	$ 49,467	$ 321,617
Office furniture & equipment	69,207	38,064	31,143	37,290
Leasehold improvements	23,055	19,885	3,170	7,734
Intangible assets	18,032	18,032	-	-
	$ 352,681	$ 268,901	$ 83,780	$ 366,641

Note 5 -- Start-up costs

	1999	1998
Beginning balance	$ 1,187,946	$ -
Net Additions	-	1,187,946
Less: Application of push-down accounting	566,813	-
Accumulated amortization	395,982	-
Write-down of start-up costs	225,151	-
	$ -	$ 1,187,946

NOTES TO FINANCIAL STATEMENTS

Note 6 -- Application of push-down accounting

Effective July 19, 1999, SaskTel Data Exchange Inc. acquired 40% of the partnership interest which, combined with their 60% interest purchased in 1998 gave them 100% of the partnership interest. The Partnership's financial statements have been prepared to reflect the adjustments arising from these transactions. The effect of these adjustments on the major classes of assets, liabilities and partners' capital are as follows:

	July 19, 1999	Push-Down Adjustments	July 19, 1999 after push-down adjustments
Assets			
Accounts receivable	$ 1,971	$ 240,000	$ 241,971
Prepaid expenses	17,891	-	17,891
Capital assets	377,774	-	377,774
Start-up costs	881,872	(566,813)	315,059
	$ 1,279,508	$ (326,813)	$ 952,695
Liabilities and partners' capital			
Bank overdraft	$ 111,331	$ -	$ 111,331
Accounts payable	351,144	-	351,144
Capital accounts			
SaskTel Data Exchange Inc.	1,245,000	-	1,245,000
MT&T Technologies Incorporated	207,500	(207,500)	-
507328 N.B. Inc.	207,500	(207,500)	-
3359256 Manitoba Ltd.	207,500	(207,500)	-
3498352 Canada Inc.	207,500	(207,500)	-
Current capital			
Partners' deficiency in assets	(1,257,967)		(1,257,967)
Minority partners' share of deficiency in assets upon withdrawal		503,187	503,187
	$ 1,279,508	$ (326,813)	$ 952,695

NOTES TO FINANCIAL STATEMENTS

Note 7 -- Items not affecting cash from operations

	1999	1998
Forgiveness of debt	**$ (458,620)**	$ -
Asset write-down	**340,110**	-
Depreciation and amortization	**602,576**	16,827
Non-cash settlement of debt	**141,061**	-
	$ 625,127	$ 16,827

Note 8 -- Forgiveness of debt

During 1999, $458,620 included in accounts payable was discharged as a forgiveness of debt. The Partnership believes that this matter has been concluded and accordingly no provision for potential future costs has been made.

Note 9 -- Non-cash settlement of debt

During 1999, the Partnership agreed to transfer title to capital assets with a net book value of $141,061 as payment for services provided. The Partnership believes this transaction has been completed and accordingly no provision for potential future costs has been made.

Note 10 -- Related party transactions

During the year SaskTel Data Exchange Inc. advanced the Partnership $589,700 in the form of a Partnership loan. In accordance with the Partnership Agreement, the Partnership loan bears interest at the Royal Bank of Canada prime rate plus 10%. Interest recorded for the year ended December 31, 1999 was $23,525.

At December 31, 1999, $120,000 due from minority partners is included in accounts receivable.

Note 11 -- Year 2000 issue

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

Note 12 -- Comparative figures

1998 figures have been reclassified to conform to the current year's presentation.

Schedule 1 -- Schedule of Partners' Capital
For the year ended December 31, 1999

	SaskTel Data Exchange Inc.	MT&T Technologies Incorporated	507328 N.B. Inc.	3359256. Manitoba Ltd.	3498352 Canada Inc	Total Partners' Capital
Partners' capital accounts						
Opening balance	$ 1,245,000	$ 207,500	$ 207,500	$ 207,500	$ 207,500	$ 2,075,000
Units issued	-	-	-	-	-	-
Partners' withdrawal	-	207,500	207,500	207,500	207,500	830,000
Closing balance	$ 1,245,000	-	-	-	-	$ 1,245,000
Partners' deficit						
Opening balance	$ -	$ -	$ -	$ -	$ -	$ -
Net loss	(2,036,535)	-	-	-	-	(2,036,535)
Less minority partners' Share at July 19, 1999	503,187	-	-	-	-	503,187
Closing balance	$ (1,533,348)	$ -	$ -	$ -	$ -	$ (1,533,348)
Deficiency in assets	$ (288,348)	$ -	$ -	$ -	$ -	$ (288,348)